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NEWS RELEASE

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PSC OPENS EXAMINATION OF ENERGY ISSUES
Analysis required by 2007 special session energy legislation

FRANKFORT, Ky. (Nov. 20, 2007) – The Kentucky Public Service Commission (PSC) today opened an examination of four issues that will figure prominently in determining the state's energy future.

Legislation enacted during the 2007 special session of the Kentucky General Assembly directed the PSC to examine its statutes and make recommendations to lawmakers on the following topics:

- Elimination of barriers to the adoption by utilities of cost-effective strategies to reduce demand prior to the consideration of any increase in generating capacity.
- Encouraging utilities to diversify generation capacity to include renewable energy sources and smaller, dispersed generating facilities.
- Incorporation into utility decision-making of accounting that considers life-cycle energy costs, environmental and public health impacts and other factors not now included in cost analyses.
- Modification of rate structures and cost recovery in a way that creates financial incentives to promote energy efficiency and lower long-term energy costs.

The PSC has retained the services of Overland Consulting, a Kansas firm, to assist in the examination of these issues. Kentucky's six regulated utility companies that own electric generating facilities have been directed to provide information to the PSC and to Overland.

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Overland Consulting will gather information from the Kentucky Office of Attorney General, advocates for low-income consumers, environmental groups, economic development organizations and industry representatives.

The commission encourages interested groups to participate in the proceeding, either by asking the PSC to be granted status as an intervenor (full participant) or by filing written comments with the PSC. A public hearing in the case is scheduled for April 29, 2008. The PSC is to submit its report to the Legislative Research Commission by July 1, 2008.

Today's order is available on the PSC Web site, psc.ky.gov.

The case number is 2007-00477.

The PSC is an independent agency attached for administrative purposes to the Department of Public Protection in the Environmental and Public Protection Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in the Commonwealth of Kentucky and has approximately 110 employees.

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